

How Earnings Affect Payment of Survivor Annuities

You can work for a nonrailroad employer and still receive survivor benefits from the Railroad Retirement Board. However, your benefits will be reduced if you earn over the exempt amount and are under full retirement age. Once you attain full retirement age, no benefits will be withheld no matter how much you earn. However, payment cannot be made for any month an annuitant works for a railroad employer.

In general, the earnings rules apply to gross earnings from employment and net earnings from self-employment. Gross earnings from employment (normally shown in Item 3 or Item 5 on your Form W-2) are all salaries, wages, commissions, and bonuses (or other money payments), before deductions for income taxes, social security, insurance premiums, contributions to 401K plans, etc. Net earnings from self-employment (usually obtained from Item 4 on Form 1040, Schedule SE) are gross income minus expenses, less 1/2 of the self-employment tax.

Year 2003 Annual Earnings Amounts

If you attain full retirement age in 2003, you can earn up to \$30,720 and not lose benefits. However, for every \$3 earned over \$30,720, you lose \$1 of benefits.

If you are under full retirement age for the entire year 2003, you can earn up to \$11,520 and not lose benefits. However, for every \$2 earned over \$11,520, you lose \$1 of benefits.

Year 2002 Annual Earnings Amounts

If you attain full retirement age in 2002, you can earn up to \$30,000 and not lose benefits. However, for every \$3 earned over \$30,000, you lose \$1 of benefits. Effective with the month you attain full retirement age, no benefits are lost.

If you are under full retirement age for the entire year 2002, you can earn up to \$11,280 and not lose benefits. However, for every \$2 earned over \$11,280, you lose \$1 of benefits.

Year 2001 Annual Earnings Amounts

If you attained full retirement age in 2001, you could have earned up to \$25,000 and not lost any benefits. For every \$3 earned over \$25,000, you lost \$1 of benefits.

If you were under full retirement age for the entire year 2001, you could have earned up to \$10,680 and not lost benefits. For every \$2 earned over \$10,680, you lost \$1 of benefits.

Special One-Year Rule – Non-Work Months

No annuity payments are lost for any month in the first year you are entitled to an annuity and have "non-work months." A "non-work month" is a month in which you did not earn over the prescribed monthly limit and did not perform substantial services in self-employment. The monthly earnings limits are:

| <u>Year</u> | <u>Full Retirement Age</u> | <u>Under Full Retirement Age</u> |
|--------------------|-----------------------------------|---|
| 2003 | *\$2,560 | \$960 |
| 2002 | *\$2,500 | \$940 |
| 2001 | *\$2,083 | \$890 |

*Applies only to months prior to the month in which you attain full retirement age. Limits cease the month you attain full retirement age.